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SUBJECT: INFORMAL MINISTERIAL CAPACITY ASSESSMENT 2007

¶1. (SBU) Summary: The Ministerial Engagement Team (MET) leaders in Embassy Baghdad conducted the second of two informal assessments to determine the level of institutional capacity of several Iraqi ministries. The Mission used the same methodology in both years and the results of the December 2007 review were compared to the August 2006 assessment. There was across-the-board improvement in all ministries, with an estimated 12% overall average improvement in the last year. The survey results noted significant improvements in budget execution, contracting and procurement metrics; these findings are confirmed by increased national spending rates. The Government of Iraq (GoI) is poised to capitalize on this increased capacity development in 2008 if political will supports continued development in key public administration processes, training, and political commitment to service delivery. Significant weaknesses exist in the use and development of technology, strategic planning, and human resource and workforce management. USG and donor representatives continue to encourage the GoI to invest its national resources in these areas, while USG technical assistance also continues to address these weaknesses. We caution that this is an informal assessment and should only be used to assess trends, not interpreted for mathematical precision or the effectiveness of U.S. assistance programs. END SUMMARY.

INSTITUTIONAL CAPACITY OF 12 MINISTRIES WAS REVIEWED IN 2006 AND 2007.

¶2. (U) Background: Embassy Baghdad conducted a second annual assessment of several Iraqi ministries in December 2007 to review their performance and determine whether there has been progress against a set of indicators. Although the assessments provide information to confirm and develop Embassy Baghdad's capacity building assistance plan for 2008 they do not directly gauge effectiveness of US assistance in this area. The focus was squarely on the GoI. Twelve ministries were measured in 2006 and 2007. The ministries assessed in 2007 were Agriculture, Education, Electricity, Finance, Health, Justice, Municipalities and Public Works, Oil, Planning and Development, Water Resources, and Trade.

¶3. (U) Methodology: In almost all cases ministerial capacity assessment models assume regular access to the ministries and that the structure of an assessment system is already in place. The models also suggest yardsticks to measure the progress of ministerial capacity building. To carry out these assessments in a methodologically rigorous manner usually means assembling a team of assessors who are trained to assess to a common standard. When the assessment is

repeated, the same or similar team needs to be assembled to meet the same common standard. For environments like Iraq, where it is unlikely that the same specialist team will be assembled for successive assessments, the criteria must be simple so an ad-hoc team can assess with the minimum of training time. This also means that some measures will be left out, despite the desirability of their being assessed.

#### DEVELOPING THE METRICS USED IN THE ASSESSMENT

¶4. (U) Ideally, the metrics should act as a benchmark, allowing comparison with other governments. Organizational Excellence models (EFQM Model and Malcolm Baldrige) and Capability Maturity Models should be able to give a benchmark against international standards; however, it is obvious that the GoI cannot yet be meaningfully measured to these standards. However, there are available tools that can be used to identify a trend. By surveying with the same questions annually, a general description of how the GoI is developing could be produced, but cannot be used as a comparison with other organizations or governments.

¶5. (U) In developing a tool to measure ministerial performance in Iraq, the Mission identified the source objectives and goals for Ministerial Capacity Development, using the Effective Government and Essential Services Annex to the Joint Campaign Plan. The US intent -- to help the GoI create the capacity to govern effectively and to provide essential services -- leads to the overall objectives of capacity development and ministerial engagement with the GoI. The Embassy Performance Plan for 2007 was also used in developing the assessment tool, as it sets out the goal for Management and Organizational Excellence and added two

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additional objectives of Communication and Consultation within Iraq and with the customers of the Ministries, and the Use of Information Technology (IT) and Web-based Information Management.

¶6. (U) We have tried to develop metrics that are as objective as possible while also being specific, measurable, achievable, relevant, and time related. The guidance provided to Ministerial Engagement Leads by the Chair of the Ministerial Engagement Coordination Committee (MECC), the Coordinator for Economic Transition in Iraq (CETI), was to "call it as you see it," without reference to the baseline 2006 assessment. As a result, caution should be used in comparing this data to the 2006 results.

¶7. (U) The degree of precision of any of the metrics used in 2006 and 2007 was affected by the security situation and, in some cases, lack of access and limited opportunity to observe development within the ministries.

#### CHALLENGES OF MEASURING INSTITUTIONAL CAPACITY IN IRAQ

¶8. (U) Assessment Criteria and Measurement Indicators. The assessments were based upon a four-point measurement, with ratings ranging from ineffective (one point), partially effective (two points), largely effective (three points), and fully effective (four points). The review examined 53 metrics distributed among the following nine areas of interest:

- (1) Can the Ministry sustain its outputs?
- (2) Does the Ministry have sufficient long term plans and processes?
- (3) Are there appropriate, transparent financial systems in the Ministry?
- (4) Has the Ministry adopted procedures to counter corruption?
- (5) Has the Ministry developed a professional civil service?
- (6) Does the Ministry use technology effectively?
- (7) Does the Ministry have an effective information management system?
- (8) Does the Ministry reach out to its customers and Iraqi

society?

(9) Does the Ministry manage its resources effectively?

¶9. (U) Despite the appearance of precision in this assessment tool, post advises caution on considering the assessment data as definitive. The comparisons of data and findings are offered with this disclaimer: The results confirm the impressions and understanding of the MET leads and others at post who deal with their Iraqi colleagues on a daily basis in the ministries. However, it is based on limited data. Furthermore, the sensitivity of this undertaking (which did not include full disclosure to the ministries assessed) requires that the findings be treated with discretion. The conduct of this informal assessment by the MET leads might be interrupted as less than fully independent, as the leads work closely with the ministries they assessed and the outcome of the assessments could be viewed as an assessment of their own performance. An outside, independent assessment would be neither cost effective nor feasible at this time. The GoI ministries are undertaking an initial round of self-assessments, a good step toward effective public administration.

#### THE RESULTS

¶10. (SBU) 2006 Data. The 2006 cumulative data points indicated that institutional capacity was mixed. Three percent of the government functions were fully effective, 14 percent largely effective, 28 percent partly effective, 28 percent ineffective, and 27 percent of the functions could not be evaluated due to lack of access, limited information, or poor security.

¶11. (SBU) 2007 Data. The 2007 cumulative data points indicated institutional capacity distributed across the GoI as follows:

- 5 percent of the government functions were fully effective
- 23 percent largely effective
- 45 percent partly effective
- 25 percent ineffective
- 2 percent of the functions could not be evaluated due to lack of access, limited information, or low security.

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¶12. (SBU) Assessment of Trend from 2006 to 2007. There was an across-the-board improvement in all ministries, with an estimated 12 percent overall average improvement from 2006 to ¶2007. Significant improvements reflected in the data in budget execution, contracting and procurement metrics are confirmed by increased national spending rates. The GoI is poised to capitalize on this increased capacity development in 2008 if its political will supports continued development in key public administration processes, targeted technical training, and increased improvements to the civil service. Weaknesses were identified in the use and development of technology, strategic planning, and human resource and workforce management. The USG has existing programs that will continue to focus on capacity development in these areas. USG and other donor representatives continue to encourage the GoI to invest its national resources in these areas in addition to support provided by foreign assistance.

¶13. (SBU) Summary of Capacity Development Progress. The overall progress in the nine areas of interest of ministerial capacity was mixed among the ministries. Three ministries (Oil, Electricity, and Water Resources) showed significant improvement overall. An equal number of ministries were generally unchanged in the aggregate (Municipalities and Public Works, Health, and Planning), while the ministries of Environment, Education, Trade, Agriculture, and Finance declined slightly overall. Most of these ministries have progressed from near paralysis to moderately effective.

¶14. (SBU) Overall, the Ministries of Water and Electricity exhibited the highest degree of capacity in accomplishing the

mission of their ministry. The effectiveness of the Ministry of Municipalities and Public Works has not increased despite considerable efforts by the USG, GoI, and donors.

¶15. (SBU) The progress of all ministries in managing their resources showed a modest upward slope. They have slowly graduated to slightly functioning with the exception of the Ministry of Oil, which is hampered by its inability to counter corruption. Ministries that improved in reaching out to their customers and Iraqi society were Electricity, Health, and Education.

¶16. (SBU) Across the board, all the ministries are ineffective in the use of information management systems due to the lack of communication infrastructure. Immediate assistance efforts were targeted using satellite technology, and ongoing efforts include IT assistance, but this only meets a small percentage of the needs. The GoI must make significant investments in communication infrastructure over many years to develop the necessary tools to improve government efficiency and to be competitive in the international markets.

¶17. (SBU) Progress in long term planning was uneven, with marginal advancement in the Planning, Education, Trade, Environment, and Finance ministries. Progress declined in the Public Works ministry due to leadership issues.

¶18. (SBU) COMMENT: The findings of the assessment and comparative analysis with the 2006 survey were shared throughout the MECC and relevant USG agencies working on capacity development at post. Just as the findings on weaknesses in budget execution in 2006 contributed to that focus in 2007, the findings from this year will help to guide ongoing assistance to the ministries assessed. The MECC Chair has directed the ministry leads to gauge their respective ministries, reactions to the identified areas of weakness, without going into detail on the assessment and its results. The MECC provides a forum for such information sharing and cross-ministerial direction to be provided to agencies at post engaged with the GoI, and to ensure that consistent priorities direct our ongoing engagement with the ministries.

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